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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte J. AARON BLY, DAVID T. SPIELDENNER, AARON ROTH,
PATRICK O'BRIEN, ANDREW F. SUHY JR., and BRENT PARENT

Appeal 2009-010715
Application 09/990,911
Technology Center 3600

Before LANCE LEONARD BARRY, ST. JOHN COURTENAY III, and
THU A. DANG, *Administrative Patent Judges*.

BARRY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Patent Examiner rejected claims 1-23. The Appellants appeal therefrom under 35 U.S.C. § 134(a). We have jurisdiction under 35 U.S.C. § 6(b).

INVENTION

The Appellants describe the invention at issue on appeal as an "electronic system 20 . . . for facilitating transactions by creating an electronic market. In particular, [the] system 20 is configured to allow remotely located users to electronically search the market based on search parameters they specify, and obtain a detailed description of . . . assets . . . (Spec. 12.)

ILLUSTRATIVE CLAIMS

1. An electronic system for facilitating disposition of an asset currently under lease by an asset user, comprising:

at least one database configured to store information associated with a plurality of assets;

a set of pre-defined conditions related to a recommendation of asset disposition based on an automated analysis of said information within said system, at least one of said conditions being met; and

a hierarchy of disposition options generated by said system based on said at least one of said conditions, wherein said conditions and said options are chosen to reduce expense by maximizing return on investment to the asset user.

21. A method for facilitating disposition of an asset currently under lease an asset user, comprising the steps of:

configuring at least one database and storing information associated with a plurality of assets;

analyzing said information in accordance with a set of pre-defined conditions, each of said conditions comprising at least one of a time variable and a cost variable;

meeting at least one of said pre-defined conditions;

recommending asset disposition using a hierarchy of disposition options; and
selecting said conditions and said options by reducing expense and maximizing return on investment to the asset user.

REJECTIONS

Claims 1-23 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Claims 12, 17, and 22 stand rejected under 35 U.S.C. § 112, ¶ 2d, as being indefinite.

Claims 1-23 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,067,525 ("Johnson") and U.S. Patent No. 6,236,990 B1 ("Geller").

We address the rejections *seriatim*.

NON-STATUTORY SUBJECT MATTER REJECTION

Based on the dependencies of the claims, we will decide the appeal of claims 1-20 on the basis of independent claims 1 and 17. Based on the Appellants' arguments, we will decide the appeal of claims 21-23 on the basis of claim 21. *See* 37 C.F.R. § 41.37(c)(1)(vii). Therefore, the issues before us follow.

Did the Examiner err in concluding independent claims 1 and 17 are directed to non-statutory subject matter?

Did the Examiner err in concluding that representative claim 21 is directed to non-statutory subject matter?

We address the issues *seriatim*.

INDEPENDENT CLAIMS 1 AND 17

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101.

Here, the Examiner finds that claims 1 and 21 *inter alia* "use the term 'database'. However, in the context of the Applicant's claims a database can be a notebook, or even a piece of paper. Hence, the claimed invention does not promote the progress of science and the useful arts." (Final Rej. 4.) He further finds that "[t]he Applicant's [sic] claimed invention does not fall within the technological arts because no form of technology is disclosed or claimed." (*Id.*)

We find, however, that independent claims recite "[a]n electronic system." An electronic system is statutory subject matter. Although the system includes "at least one database," we agree with the Appellants that in claims 1 and 17, the "use of a notebook or a piece of paper would [still] be patentable under Section 101." (Appeal Br. 15.)

Therefore, we conclude that the Examiner erred in concluding that independent claims 1 and 17 are directed to non-statutory subject matter.

REPRESENTATIVE CLAIM 21

"[R]egardless of what statutory category ('process, machine, manufacture, or composition of matter,' 35 U.S.C. § 101) a claim's language is crafted to literally invoke, we look to the underlying invention for patent-eligibility purposes." *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1374 (Fed. Cir. 2011). "Phenomena of nature, though just discovered,

mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work." *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (emphasis added). "That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*." *CyberSource*, at 1375.

Here, we agree with the Examiner that "[a]n example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps." (Ans. 5.) Furthermore, we conclude that that the subject matter of claim 21 recites an unpatentable, mental process. More specifically, the claimed steps of configuring, storing, analyzing, meeting, recommending, and selecting can be performed in the human mind or by a human using a pen and paper. The Appellants do not even contest the Examiner's aforementioned finding that the claimed "database can be a notebook, or even a piece of paper." (Final Rej. 4.) "Silence implies assent." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 572 (1985).

The Appellants argue that the representative claim recite a "method[] that produce[s] useful, concrete, and tangible results, and therefore [is] clearly patentable under Section 101." (App. Br. 15.) "[W]hile looking for 'a useful, concrete and tangible result' may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle, that inquiry is insufficient to determine whether a claim is patent-eligible under § 101." *In re Bilski*, 545 F.3d 943, 959 (Fed. Cir. 2008).

Therefore, we conclude that the Examiner did not err in concluding that representative claim 21 is directed to non-statutory subject matter.

INDEFINITENESS REJECTION

The issue before us follows.

Did the Examiner err in concluding that claims 12, 17, and 22 reasonably apprise those of skill in the art of their scope?

The Examiner makes the following findings and conclusion.

Claims 12, 17 and 22 recite "a manual check" of a hierarchy of options. Appellant's [sic] Specification teaches that the options are generated by a computer system (Specification, page 42, lines 16-19), the "manual check", however is performed by a person (Specification, page 43, lines 18-21). Therefore, as a person is not part of a computer system it is unclear to one of ordinary skill the subject matter for which Appellant [sic] is seeking protection.

(Ans. 11.)

"The legal standard for definiteness is whether a claim reasonably appraises those of skill in the art of its scope." *In re Warmerdam*, 33 F.3d 1354, 1361 (Fed. Cir. 1994) (citing *Amgen Inc. v. Chugai Pharma. Co.*, 927 F.2d 1200, 1217 (Fed. Cir.1991)). "[T]he definiteness of the language employed must be analyzed — not in a vacuum, but always in light of the teachings of the prior art and of the particular application disclosure as it would be interpreted by one possessing the ordinary level of skill in the pertinent art." *In re Moore*, 439 F.2d 1232, 1235 (CCPA 1971).

Here, we find that the Specification describes the claimed "manual check" as follows.

In general, the account manager will review one or more of the proposed options generated by subsystem 302 to confirm his agreement with both the hierarchy and the specifics of each

option as shown by point 310. Alternatively, the account manager may just review the present option to confirm his agreement with the specific proposal. . . . Thus, in a preferred embodiment of the invention, the proposed options are manually reviewed

(Spec. ¶ 122.)

Based on this description, we agree with the Appellants that their "Specification thus makes clear that they regarded the limitation of 'a manual check and confirmation of said hierarchy of options' as being included in the subject matter that they regarded as their invention." (App. Br. 16.)

Therefore, we conclude that the Examiner erred in concluding that claims 12, 17, and 22 reasonably apprise those of skill in the art of their scope.

OBVIOUSNESS REJECTION

Based on the Appellants' arguments, we will decide the appeal of claims 1, 2, 9-11, 13-16, 21, and 23 on the basis of claim 1; the appeal of claims 7 and 8 on the basis of claim 7; and the appeal of claims 12, 17, 19, 20, and 22 on the basis of claim 12. *See* 37 C.F.R. § 41.37(c)(1)(vii). Based on the dependencies of the claims, we will decide the appeal of claims 3-6 and 18 on the basis of claims 3 and 18. Therefore, the issues before us follow.

Did the Examiner err in finding that Johnson teaches pre-defined conditions, as required by representative claim 1; that the combined teachings of Johnson and Geller would have suggested a hierarchy of options, as required by representative claim 1; and that teachings of Johnson and Geller would have been combined to reject representative claim 1?

Did the Examiner err in finding that Johnson would have suggested that the pre-defined conditions include a passage of time, and at least one of the pre-defined conditions is met when an asset approaches the end of a lease term, as required by dependent claims 3 and 18?

Did the Examiner err in finding that Johnson would have suggested that the pre-defined conditions include a comparison of a cost of leasing an asset with a threshold level representing lower cost alternatives, as required by representative claim 7?

Did the Examiner err in finding that Johnson, in combination with the prior art as a whole, teaches a manual check of the hierarchy of options, as required by representative claim 12?

We address the issues *seriatim*.

REPRESENTATIVE CLAIM 1

"Both anticipation under § 102 and obviousness under § 103 are two-step inquiries. The first step in both analyses is a proper construction of the claims. . . . The second step in the analyses requires a comparison of the properly construed claim to the prior art." *Medichem, S.A. v. Rolabo, S.L.*, 353 F.3d 928, 933 (Fed. Cir. 2003) (internal citations omitted). Regarding the first step, "during examination proceedings, claims are given their broadest reasonable interpretation consistent with the specification." *In re Hyatt*, 211 F.3d 1367, 1372 (Fed. Cir. 2000).

Here, claim 1 recites in pertinent part "pre-defined conditions." The Examiner finds that the "Appellant [sic] defines 'pre-defined conditions' as either a time or cost variable (Specification, paragraph 114; Appeal Brief, page 16, section C, 1)." (Ans. 12.) We find that the Specification (§ 114)

supports the Examiner's claim construction by explaining that "[t]he pre-defined conditions include either a time variable or a cost variable."

Regarding the second step, the question of obviousness is "based on underlying factual determinations including . . . what th[e] prior art teaches explicitly and inherently" *In re Zurko*, 258 F.3d 1379, 1383 (Fed. Cir. 2001) (citations omitted).

Here, we find that that Johnson discloses teaches "an automated sales system which facilitates the sale of an item or service by intelligently integrating into a single system tools used by a salesperson in the sales process." (Col. 1, ll. 6-9.) We also agree with the Examiner's finding that "Johnson specifically recites . . . 'cost variables' such as unit price, discounts, fees and taxes (column 14, lines 24-26)." (Ans. 12.) Furthermore, the cited part of Johnson teaches the additional cost variable of "tradein value." (Col. 14, l. 26.)

The Appellants argue that "Johnson teaches at most performing pre-determined *calculations*, but nowhere suggests that those calculations depend on any pre-defined *conditions*" (App. Br. 17-18.) The reference belies the argument by teaching that the aforementioned cost variables "are all taken into consideration in order to present an accurate and consistent quote." (Col. 14, ll. 26-28.) We find that taking the cost variables into account to present a quote evidences that the cost variables are pre-defined conditions.

Therefore, we conclude that the Examiner did not err in finding that Johnson teaches pre-defined conditions as required by representative claim 1.

"Nonfunctional descriptive material cannot render nonobvious an invention that would have otherwise been obvious." *Ex parte Curry*, 84 USPQ2d 1272, 1274 (BPAI 2005) (citing *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004)), *aff'd*, Appeal No. 2006-1003 (Fed. Cir. 2006). Furthermore, "[a]n intended use or purpose usually will not limit the scope of the claim because such statements usually do no more than define a context in which the invention operates." *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 320 F.3d 1339, 1345 (Fed. Cir. 2003). Although "[s]uch statements often . . . appear in the claim's preamble," *In re Stencel*, 828 F.2d 751, 754 (Fed. Cir. 1987), a statement of intended use or purpose can appear elsewhere in a claim. *Id.*

Here, claim 1 further recites in pertinent part "a hierarchy of disposition options." Because the representative claim does not recite the disposition of assets, however, the modifier "[asset] disposition" merely states an intended use or purpose for the options data and is not entitled to patentable weight.

"It is axiomatic that, in proceedings before the [Patent and Trademark Office], claims in an application are to be given their broadest reasonable interpretation consistent with the specification, [] and that claim language should be read in light of the specification as it would be interpreted by one of ordinary skill in the art." *In re Bond*, 910 F.2d 831, 833 (Fed. Cir. 1990) (quoting *In re Sneed*, 710 F.2d 1544, 1548 (Fed. Cir. 1983) (citations omitted).) Here, the Examiner's finding that "[t]o one of ordinary skill a hierarchy of options is merely a ranking of alternatives" (Ans. 12-13) is uncontested.

"The test for obviousness is what the combined teachings of the references would have suggested to one of ordinary skill in the art." *In re Young*, 927 F.2d 588, 591 (Fed. Cir. 1991) (citing *In re Keller*, 642 F.2d 413, 425 (CCPA 1981)).

Here, we agree with the Examiner's following findings.

Johnson et al. teach a salesperson identifying "purchasing and financing options for the product(s) offered to the customer" ('525, figure 21 B) and presenting financing and leasing alternatives ('525, column 15, lines 17-28). . . . Further, Johnson et al. also teach a. graphic presentation for a user that displays a side-by-side competitive analysis of cash flow and annual savings for the use of a product over time, where the competitive analysis is over a time period and compares financing alternatives (column 16, lines 8-20). Geller et al. teach a system for displaying options to a user based on rank or preference ('990, abstract; figure 2B).

(Ans. 12-13.) In summary, the Examiner finds that Johnson teaches identifying and displaying options in combination, and Geller teaches ranking displayed options. We agree with him that the combination of these teachings would have suggested a hierarchy of options.

The Appellants argue that "Geller's product ranking is clearly different from the recited 'hierarchy of disposition options,' which, as Appellants' Specification (e.g., paragraph 129) makes clear, refers to an order of presenting, to an asset user, different options for disposing of the asset." (App. Br. 20.) For the reasons explained above, the modifier "[asset] disposition" is not entitled to patentable weight.

Furthermore, "[t]hough understanding the claim language may be aided by the explanations contained in the written description, it is important not to import into a claim limitations that are not a part of the claim. For

example, a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment." *SuperGuide Corp. v. DirecTV Enters, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004) (citing *Electro Med. Sys. S.A. v. Cooper Life Sci., Inc.*, 34 F.3d 1048, 1054 (Fed. Cir. 1994)). Here, we will not import the explanation from the Appellants' Specification on which they rely for their argument.

"Non-obviousness cannot be established by attacking references individually where the rejection is based upon the teachings of a combination of references." *In re Merck & Co.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986) (citing *Keller*, 642 F.2d at 425). In determining obviousness, furthermore, a reference "must be read, not in isolation, but for what it fairly teaches in combination with the prior art as a whole." *Id.*

Here, the Appellants' attack on Geller individually, arguing that the reference does not teach what the Examiner relies on Johnsons to teach, cannot establish non-obviousness.

Therefore, we conclude that the Examiner did not err in finding that the combined teachings of Johnson and Geller would have suggested a hierarchy of options, as required by representative claim 1.

The presence or absence of a reason "to combine references in an obviousness determination is a pure question of fact." *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000) (citation omitted).

Here, the Examiner finds and concludes that "it would have been obvious to one of ordinary skill to combine the teachings of Johnson et al., and Geller et al. in order to effectively to present disposition options to a user ('525, column 16, lines 20-40; '990, abstract)[.]" (Ans. 5.) He further supports his conclusion by finding that "Geller et al. disclose that 'selecting a

product from a number of competing products can be a difficult task' ('990, column 1, lines 20-23)." (*Id.* at 13-14.) We find the following teaching of the desirability of Geller's ranking also supports the combining of its teachings with those of Johnson.

It is therefore desirable to assist a user with selecting a product without requiring the user to learn how to use, or to purchase and return, multiple products, in a manner that can be kept up to date as new products appear and existing products are updated, that can be tailored to the user's requirements and that can be made available at the place of purchase of the product.

(Geller, col. 2, ll. 8-14.)

The Appellants argue that "[t]he Examiner provides no explanation of how Johnson's system for assisting product *sellers* could be combined with Geller's system for assisting product *purchasers*." (App. Br. 19.) We disagree and understand that the Examiner is proposing introducing a ranking of options as taught by Geller to presentations of options as taught by Johnson. Therefore, we conclude that the Examiner did not err in finding that teachings of Johnson and Geller would have been combined to reject representative claim 1.

DEPENDENT CLAIMS 3 AND 18

"[T]he main purpose of the examination, to which every application is subjected, is to try to make sure that what each claim defines is patentable. . . . [T]he name of the game is the claim. . . ." *In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998) (quoting Giles S. Rich, *The Extent of the Protection and Interpretation of Claims-American Perspectives*, 21 Int'l Rev. Indus. Prop. & Copyright L. 497, 499 (1990)).

Here, claims 3 and 18 require that the pre-defined conditions include a passage of time, and at least one of the pre-defined conditions is met when an asset approaches the end of a lease term.

We agree with the Appellants that "[t]he Final Office Action did not address this claim limitation." (Appeal Br. 20.) In his Examiner's Answer, the Examiner makes the following findings.

Johnson et al. teach presenting to a customer a competitive analysis of different financial plans for purchasing or leasing a product ('525, column 15, lines 23-25; column 16, lines 8-20). Johnson et al. also teach payment schedule, dates, method, terms and options ('525, column 15, lines 42-50) and solving a customer's financial goals. To one of ordinary skill, how much a customer is looking to pay a month for the purchase or leasing of a product is a financial goal ('525, column 15, lines 20-25). Hence, as what a user pays monthly is part of a payment schedule, the prior art clearly discloses to one of ordinary skill presenting a financial plan to a user that matches a customer's desired monthly payout at the end of beginning, middle and end of a lease term.

(Ans. 14.)

Like the Final Office Action, these findings do not address the aforementioned limitations. Therefore, we conclude that the Examiner erred in finding that that Johnson would have suggested that the pre-defined conditions include a passage of time, and at least one of the pre-defined conditions is met when an asset approaches the end of a lease term, as required by dependent claims 3 and 18.

REPRESENTATIVE CLAIM 7

The Examiner makes the following findings.

Johnson et al. teach presenting to a customer a competitive analysis of different financial plans for purchasing or leasing a product ('525, column 16, lines 8-20), therefore, the prior art at least suggests to one of ordinary skill comparing the cost of leasing a product with lower cost alternatives ('525, column 15, lines 50-57).

(Ans. 15.)

The Appellants argue that "Johnson provides no teaching or suggestion regarding asset leasing" (App. Br. 20.)

The reference belies the argument by disclosing that Johnson's automated sales system includes a "finance module 410 . . . comprised of multiple engines provided to assist the salesperson in quickly calculating and presenting finance and *lease* alternatives to customers based on information collected from other modules." (Col. 15, ll. 17-20 (emphasis added).) Furthermore, the parts of the reference cited by the Examiner teach that "[t]he finance module 410 also assists the salesperson in providing *leasing* information to the customer." (Col. 15, ll. 51-52 (emphasis added).)

Therefore, we conclude that the Examiner did not err in finding Johnson would have suggested that the pre-defined conditions include a comparison of a cost of leasing an asset with a threshold level representing lower cost alternatives, as required by representative claim 7.

REPRESENTATIVE CLAIM 12

The Appellants argue that "[t]he recited manual check is a limitation on how the claimed systems and method function, which limitation the Examiner apparently conceded is not found in the prior art of record."

(Appeal Br. 21.) We find no evidence of such a concession. To the contrary, the Examiner finds that "as a customer accepts or declines a proposed financial plan, the customer provides Appellant's [sic] desired 'manual check'." (Ans. 15.) We agree with the finding.

Therefore, we conclude that the Examiner did not err in finding that Johnson, in combination with the prior art as a whole, teaches a manual check of the hierarchy of options, as required by representative claim 12.

DECISION

We reverse the rejection under of claims 1 and 17 under § 101 and that of claims 2-16 and 18-20, which depend therefrom. In contrast, we affirm the rejection of claim 21 under § 101 and that of claims 22 and 23, which fall therewith.

We reverse the rejection of claims 12, 17, and 22 under § 112, ¶ 2d.

We affirm the rejection of claims 1, 7, and 12 under § 103(a) and that of claims 2, 8-11, 13-17, and 19-23, which fall therewith. In contrast, we reverse the rejection of claims 3 and 18 under § 103(a) and that of claims 4-6, which depend therefrom.

No time for taking any action connected with this appeal may be extended under 37 C.F.R. § 1.136(a)(1). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED-IN-PART

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